

2011-2012 PERFORMANCE PLAN – General Counsel (P. Mixon)

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All of the terms and provisions of the "CalPERS Compensation Policies and Procedures for Chief Executive Officer, Chief Actuary, General Counsel and Investment Management Positions" are incorporated in this Performance Plan by this reference as if set forth in full.

Quantitative Performance Measure

Weight	Factor	Performance Measure	Incentive Schedule
5%	Total Fund Performance	Excess return in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-13 basis points = 0 +13 basis points = 1.0 27 basis points = 1.5
5%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
45%	Business Plan / Enterprise Objectives	<ul style="list-style-type: none"> • Increase the diversity of applicants for outside counsel by expanding outreach and engagement efforts (EP 3; Obj 2) • Support the development and publication of two retirement security issue papers (EP 2; Obj 1) • Support the design and implementation of a robust, integrated operating model in the Investment Office, which minimizes complexity, improves transparency, and strengthens processes, systems and controls (EP 2; Obj 3) • Complete planned efforts of the organizational structure, processes, and cultural alignment initiatives (EP3; Obj 1) • Support implementation of the initial my CalPERS solution (September 2011)(EP1; Obj 1) • Support implementation of my CalPERS Release 2 (March 2012) (EP1; Obj 1) • Increase staff expertise and reduce reliance on consulting services to ensure the development and retention of core business expertise (EP3; Obj 4) • Support implementation of my CalPERS Member Self-Service (March 2012) (EP1; Obj 1) • Support recommendations for the Board on improvements to risk pooling, including allocation of salary experience (June 2012)(EP2; Obj 1) • Support development of a three to five year strategy for transforming health products and offerings to meet the needs of members and employers (December 2011)(EP2; Obj 2) • Support the integration of enterprise risk management into governance and culture (EP3; Obj 3) 	From Schedule
25%	Special Initiatives	<ul style="list-style-type: none"> • Develop and implement a plan to improve system governance and investment management as recommended by the Special Review • Support the Board Governance Project and develop an implementation plan for recommended governance changes, and provide support to Board in implementing desired changes • Conduct fiduciary training workshops for the Board and staff 	From Schedule

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
15%	Executive Leadership	<p>Leadership: Acts in an ethical, honest and professional manner. Communicates a clear vision of CalPERS' mission and goals. Gains the confidence and commitment of others through enthusiastic expressions of support of the vision and values of the organization. Gains support for courses of action by sharing information, encouraging feedback, listening respectfully, and acknowledging individual concerns.</p> <p>Teamwork: Promotes teamwork and cross-functional collaboration and communication in support of CalPERS' strategic goals. Presents well-organized arguments that are issue-oriented, not personal. Resolves disagreements by first identifying common ground and then exploring differences. Shares credit for good ideas and acknowledges the contributions, creativity and abilities of others.</p> <p>Succession Planning: Participates in an ongoing succession planning program to assess the workforce and create strategies to retain and develop the skills of employees. Identifies training, development and knowledge transfer strategies to meet future workforce needs. Contributes to the enhancement of organizational competencies and skills by providing opportunities for individual staff development and improvement.</p> <p>Diversity and Inclusion: Demonstrates diversity and inclusion awareness and personally cultivates a positive work environment where the differences of all staff are recognized and valued. Leads strategies and approaches to increase the level of diversity within the CalPERS' workforce. Through personal example and leadership, fosters a climate where all are treated with dignity and respect.</p> <p>Executive / Board Relations: Effectively represents the enterprise at executive management meetings, stakeholder group meetings, and at CalPERS Board of Administration meetings. Prepares and/or directs the preparation of thorough and accurate Board agenda materials and provides sound technical consultation and appropriate recommendations. Makes clear and concise presentations to the Board of Administration and Board Committees on relevant issues.</p> <p>Business Planning and Fiscal Management: Leads the business planning process by establishing clear, measurable operational objectives which align with CalPERS' strategic Goals. Identifies resource requirements to support organizational priorities. Ensures cost-effective use of resources (i.e., operational expenses, equipment and staff resources) and contributes to the overall prudent management of CalPERS trust funds.</p> <p>Management of Risk: Ensures that policy and program decisions are made with consideration for potential financial, compliance, legal, security, operational, reputational, political, strategic, and other risks. Implements risk mitigation strategies. Gathers risk intelligence to support executive and Board decision-making.</p>	From Schedule
10%	Management Drivers	Achieve improvements in enterprise management during fiscal year 2011/2012 through fulfillment of the eight initiatives listed on Attachment 2.	From Schedule
95%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	